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Charon J. Harris
Director - Policy Matters

GTE Service Corporation

1850 M Street, N.W., Suite 1200
Washington, D.C. 20036
(202) 463-5200

October 8, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

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OFFICE OF SECRETARY

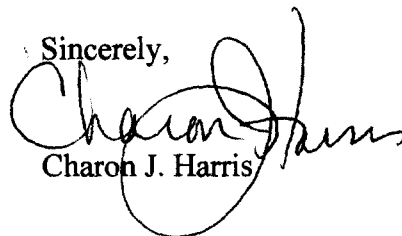
**EX PARTE: Federal-State Joint Board on Universal Service
CC Docket No. 96-45**

Dear Mr. Caton:

On October 4, 1996, GTE Telephone Operations sent the attached letters to Joint Board Commissioners Sharon L. Nelson, Julia Johnson, Laska Schoenfelder, and Kenneth McClure. Please associate these letters with the captioned docket.

Please call me if you have any questions regarding this matter.

Sincerely,


Charon J. Harris

Attachments

cc: Federal State Joint Board Commissioners and Staff
J. Morabito

No. of Copies rec'd 001
List ABCDE

Thomas W. White
President
GTE Telephone Operations



GTE Telephone
Operations

600 Hidden Ridge, HOE04J17
P.O. Box 152092
Irving, TX 75015-2092
214 718-4935

October 4, 1986

The Honorable Sharon L. Nelson
Chairman
Washington Utilities and Transportation
Commission
Chandler Plaza Building
P.O. Box 47250
Olympia, Washington 98504-7250

Dear Ms. Nelson:

Few Americans know the impact that you and your colleagues will soon have on the price they pay for telephone service, on its quality, and on how soon they may have competitive choices for that service as the Congress intended. As one of the national Joint Board members appointed under the new federal Telecommunications Act of 1986, you will help decide how home telephone service will be kept affordable in a competitive era.

Let's start with a few undeniable facts. Today most basic home telephone service is priced below cost. Competitors are rushing in to target the other services that have been priced too high in order to support home phone lines. To minimize their own investments, those competitors are also eager to use the facilities that today's local telephone companies have installed and maintained. The FCC's interconnection order clearly helps competitors do so, but in the process, guts facilities based competition by requiring LECs to sell their network to competitors at rates far below any reasonable estimate of costs. For now, most "competition" will just be companies like AT&T putting their brand name on someone else's service. And you can look far and wide across rural America and never see a new competitor's truck laying wires, unlike major cities, such as Seattle, where they are already tripping over each other to hook up lucrative business customers.

These same competitors want you, the Joint Board Commissioners, to decide not to fund the entire amount of support needed to maintain today's affordable rates to home customers. The reason is that new competitors will have to share in the cost of support, even though they don't plan to build any facilities in places that need support. They prefer to "cherry pick" the customers they serve by purchasing our facilities at below-cost rates, while forcing the incumbent LEC to maintain the network and serve the customers in less desirable locales.

The Honorable Sharon L. Nelson
October 4, 1996
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But that's a dangerous scenario because sooner or later rates will be forced to go up sharply, or the incumbent LECs will be unable to continue to provide high-quality service as competitors take away more of the profitable business that has supported this whole system. And the new competitors won't be willing to take any responsibility for that. Indeed, who will give rural America real competitive choices if the price to the customer is far less than cost, and there isn't enough support to make up the difference?

On behalf of GTE, I urge you and your colleagues to make the courageous and responsible choice -- to establish a support system that will truly give all customers protection against rate shock, and a chance at real competitive options. Because the politics of telecommunications have become so confrontational, what's put in place now will be hard to fix later. Do it right the first time, and you'll help usher in a new era of which we all can be proud -- for all customers, wherever they live.

Sincerely,



Thomas W. White
President-GTE Telephone Operations

TWW:lp

Thomas W. White
President
GTE Telephone Operations



GTE Telephone
Operations

600 Hidden Ridge, HQE04J17
P.O. Box 152092
Irving, TX 75015-2092
214 718-4935

October 4, 1986

**The Honorable Julia Johnson
Commissioner
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gerald Gunter Building
Tallahassee, Florida 32399-0850**

Dear Ms. Johnson:

Few Americans know the impact that you and your colleagues will soon have on the price they pay for telephone service, on its quality, and on how soon they may have competitive choices for that service as the Congress intended. As one of the national Joint Board members appointed under the new federal Telecommunications Act of 1986, you will help decide how home telephone service will be kept affordable in a competitive era.

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The Honorable Julia Johnson
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Thomas W. White
President-GTE Telephone Operations

TWW:lp

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President
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Irving, TX 75015-2092
214 718-4935

October 4, 1996

The Honorable Laska Schoenfelder
Commissioner
South Dakota Public Utilities Commission
State Capitol
500 East Capitol
Pierre, South Dakota 57501-5070

Dear Ms. Schoenfelder:

Few Americans know the impact that you and your colleagues will soon have on the price they pay for telephone service, on its quality, and on how soon they may have competitive choices for that service as the Congress intended. As one of the national Joint Board members appointed under the new federal Telecommunications Act of 1996, you will help decide how home telephone service will be kept affordable in a competitive era.

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The Honorable Laska Schoenfelder

October 4, 1996

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President-GTE Telephone Operations

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P.O. Box 152092
Irving, TX 75015-2092
214 718-4935

October 4, 1996

**The Honorable Kenneth McClure
Commissioner
Missouri Public Service Commission
P. O. Box 360
Truman State Office Building
Jefferson City, Missouri 65102**

Dear Mr. McClure:

Few Americans know the impact that you and your colleagues will soon have on the price they pay for telephone service, on its quality, and on how soon they may have competitive choices for that service as the Congress intended. As one of the national Joint Board members appointed under the new federal Telecommunications Act of 1996, you will help decide how home telephone service will be kept affordable in a competitive era.

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The Honorable Kenneth McClure

October 4, 1996

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Sincerely,

Tom White

Thomas W. White
President-GTE Telephone Operations

TWW:lp